

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2099-01
BILL NO.: HB 911
SUBJECT: Utilities; Consumer Protection
TYPE: Original
DATE: March 30, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Public Service Commission*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

*Assumes costs of \$112,021, \$222,002 and \$210,608 in FY 02, FY 03 and FY 04, respectively, and an increase in the PSC assessment and appropriation, resulting in a net effect of \$0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission (PSC)** assume the proposed legislation would have no fiscal impact on their agency. However, the proposal could have some impact to the PSC from the perspective that the PSC would likely lose some or even all Federal Grant funds for gas safety. Also, additional legislation that may be passed respecting the funding and staffing of the Board could create a cumulative fiscal impact to the agency.

Oversight assumes the proposal is silent regarding the placement of the new Missouri Energy Reliability Board. For purposes of this fiscal note, Oversight is assuming the Board would be placed under the PSC. Oversight has estimated travel expenses for the board members at \$9,021 annually. This is based on the assumption of four meetings per year for two days each.

Based on discussions with the PSC in the 2000 session in reference to a similar proposal, \$100,000 should be adequate for outside consultants to assist in the development of the required standards as identified in this proposal; therefore, for purposes of this fiscal note, **Oversight** increased this amount for inflation and has reflected a cost of \$103,000 in FY 02 for the consultants.

As in a similar proposal from the 2000 session, **Oversight** assumes the PSC would need three additional staff members (3 FTE) as a result of this proposal. These staff would include one Utility Regulatory Economist III, one Utility Regulatory Engineer I and one Legal Counsel, with related fringe, expense and equipment. **Oversight** assumes the additional FTE could be located using existing space and therefore, has not included rental costs in the fiscal impact specifications below. Costs for the FTE are not shown until FY 03. It is assumed the staff would not be needed to support the Board until after the standards were developed and approved.

Additionally, Oversight assumes the PSC would increase the assessment to utilities and that appropriation would be made, resulting in a net effect of \$0.

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** assume their office may participate in some matters before the Board relating to energy reliability and customer service. However, it is anticipated that this participation could be managed by current staff. If unanticipated issues and complicated proceedings develop, then it is possible that OPC could require additional resources to make recommendations to the Board.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Department of Natural Resources** assume this proposal does not result in a direct fiscal impact to the department.

Officials from the **Office of Secretary of State** assume this bill creates the Missouri Energy Reliability Board and the Missouri Retail Energy Customer and Worker Protection Act. The Missouri Energy Reliability Board will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Missouri Energy Reliability Board could require as many as 46 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes and the like are not repeated in *Code*. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. Therefore, the estimated costs for FY 02 are \$2,829. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Oversight assumes **IF** the requirements of this proposal would result in a change in utility rates, state government agencies, local governments and small businesses could be fiscally impacted.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
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PUBLIC SERVICE COMMISSION FUND

Costs - Public Service Commission (PSC)

Personal Service (3 FTE)	\$0	(\$130,261)	(\$133,518)
Fringe Benefits	\$0	(\$43,416)	(\$44,502)
Expense and Equipment	(\$112,021)	(\$48,325)	(\$32,588)
Total <u>Costs</u> - PSC	(\$112,021)	(\$222,002)	(\$210,608)

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
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Revenue - PSC

Assessment to utilities	\$112,021	\$222,002	\$210,608
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**ESTIMATED NET EFFECT ON
PUBLIC SERVICE COMMISSION FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2002	FY 2003	FY 2004
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses could have a direct fiscal impact as a result of this proposal to the extent of changes to the operating requirements and potential rate changes to electric or gas users. Also, it could require additional paperwork and additional benefits for workers as part of a worker transition plan in the event of a closure or reorganization of the utility company.

DESCRIPTION

This proposal creates the Missouri Energy Reliability Board to standardize the reliability, safety, and customer services practices of investor- and consumer-owned electric and gas companies. A seven member board shall be appointed by the Governor with the advice and consent of the Senate. The Board's authority supercedes that of the Public Service Commission when there is a conflict.

The Board shall establish procedures to prevent overloads on systems and cost-shifting and report to the General Assembly every two years on the adequacy and reliability of the electric supply.

The Board shall establish minimum maintenance standards for all electric or gas companies and require companies to file an annual preventive maintenance plan with the Board, shall establish minimal performance standards and shall establish reliability and maintenance service standards for worker safety and minimum customer service standards.

DESCRIPTION (continued)

Any company undertaking significant downsizing, merger, or other similar transaction must

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prepare a workers transition plan within 180 days of the final date of the transaction. The company must inform affected employees prior to filing the final plan, and file notice with the Board of any action that will result in layoffs. The succeeding entity shall recognize and work with the union representing the employees after the merger or other transaction if the company is party to a collective bargaining agreement recognized by federal or state law. The succeeding entity will refrain from making unilateral changes in the employees' terms and conditions of employment for a period of three years or until the existing contract expires, whichever is later.

The proposal has an emergency clause.

This legislation is not federally mandated and would not require additional capital improvements or rental space. However, this proposal would result in duplication. The PSC safety jurisdiction, under Sections 386.310 and 394.160, and reliability, service, performance, information and customer service jurisdiction, under numerous Chapter 386 and Chapter 393 sections, are replaced or duplicated by the Missouri Energy Reliability Board.

SOURCES OF INFORMATION

Department of Economic Development - Office of Public Counsel
Department of Economic Development - Public Service Commission
Department of Labor and Industrial Relations
Department of Natural Resources
Office of Secretary of State



Jeanne Jarrett, CPA
Director
March 30, 2001